# ROLLBACK JOB KILLER BILLS

## BILL DESCRIPTIONS

### ✓ *RELIEVE SKYROCKETING WORKERS' COMPENSATION COSTS*

**Repeal AB 749 (Calderon) Chapter 6 of 2002**
Passed in early 2002, this bill increased workers' compensation insurance rates by $3.5 billion, according to the Workers' Compensation Insurance Rating Board. The bump represents a 23-percent increase in rates and makes the most expensive workers' compensation system in the nation even more costly. Many businesses report cost increases of 100% or more. The exorbitant rates are being cited throughout the state as oppressive and a leading reason to move jobs out of California to nearby, less costly states. Moreover, the rate increase, which equates to a multi-billion business tax increase, hurts small business significantly.

Suspension of this bill will not only reduce the burden on businesses during the recession, but has the added benefit of reducing the tens of millions of dollars in costs that local governments and the state will incur as a result of implementation costs and the costs to provide workers' compensation to government employees.

**Repeal AB 2816 (Shelley) Chapter 1098 of 2002**
This measure requires temporary employee placement services to provide workers' compensation insurance based on the modification rate of their client and not the job safety record of the employment company. Ostensibly, this forces temporary employment agencies to pay higher workers' compensation rates based on another firm's rates and experience with injuries. This bill makes the use of temporary employment firms by contractors unattractive or virtually impossible to use.

### ✓ *REDUCE EXPENSIVE MANDATES AND REGULATIONS WHICH HAMPER ECONOMIC DEVELOPMENT*

**Repeal AB 2509 (Goldberg) Chapter 298 of 2002**
Passed in 2002, this bill complicates California labor law and increases employers' costs by allowing local jurisdictions to establish and enforce local versions of labor laws, including employment-related rules, fines and penalties, on state-funded projects. In the end, competing entities must abide by conflicting local wage and labor laws, leaving employers with a tangle of compliance problems and new legal liabilities. Due to the many differing local regulations, this could seriously harm California's competitiveness with other states and nations by complicating the entire process and exposing business to more potential lawsuits.

**Repeal SB 975 (Alarcon) Chapter 938 of 2001**
This bill requires prevailing wages be paid on any private project that receives assistance from the state. Since the bill does not specifically define assistance, it has stymied

development throughout California because of the potential for such a broad and overarching application. It effectively drives up the cost to taxpayers of public works projects, as prevailing wages are mandated higher than market-rate wages – the higher labor costs range from five to 40 percent more. The only exemption allowed by SB 975 is extremely narrow to only include low-to-moderate income housing projects built within Redevelopment Agency zones. Another very narrow exemption was added to include self-help housing projects completed by non-profits.

**Repeal AB 60 (Knox) Chapter 134 of 1999**
This bill eliminated the ability for employers and employees to use flexible schedules. AB 60 mandates overtime pay after 8-hours of work in a day, instead of the overtime after 40-hours in a week. Prior to the passage of AB 60, many California employees and their employers were finally able to create alternative work schedules, including the very popular four-day work week. The provisions of this measure have created undue burdens on both employees and business owners and add to the state's anti-business climate.

## ✓ *LIGHTEN THE TAX BURDEN TO ENCOURAGE JOB CREATION AND INVESTMENT*

**Repeal two sections of AB 2065, Chapter 488 of 2002**
As part of last year's budget "solution" the net operating loss deduction was suspended for two years, raising taxes for some of the most vulnerable businesses by $1.2 billion. The net operating loss (NOL) carryforward deduction was created in the recession of the 1990s to provide the cushion needed for many small companies to weather the financial storm and rebound later in the decade. This tax reform aided in the creation and retention of hundreds of small businesses – the backbone of our economy. AB 2065 suspended the NOL for tax years 2002 and 2003 – at the exact time when California businesses need it the most.

AB 2065 also imposed new tax withholding requirements on commercial and non-primary residence real estate transactions. Essentially a tax increase, these new requirements have the effect of reducing investment dollars which would otherwise flow into California.

## ✓ *EASE MANDATES ON GOVERNMENT CONTRACTORS*

**Repeal AB 1506, Chapter 868 of 2002**
This bill requires any school district that uses funds from the School Bond Act (2002 & 2004) to develop and enforce a labor compliance program. The bill would unnecessarily increase the cost of school construction in California. Labor compliance programs will cost districts extra money. San Diego Unified's cost for their existing program is $400,000 annually. Any increased costs will reduce the number of classrooms built. It's implementation also creates a special hardship for small school districts.

**Repeal AB 1357, Chapter 1132 of 2002**
This bill requires that state agencies entering into personal service contracts for janitorial, housekeeping and security guard services include provisions for employee wages that are valued at no less than 85% of the state employer cost of providing wages and benefits to

state employees performing similar duties. This bill expanded the definition of benefits to include holiday pay, retirement benefits, sick pay and vacation pay.

## ✓ *REDUCE THE NUMBER OF LAWSUITS*

**Repeal AB 2915, Chapter 1101 of 2002**
This bill enacted rules for mandatory consumer arbitration fees and prohibited "loser-pays" policies under which non-prevailing consumers are required to pay the fees and costs of opposing businesses, and implements administrative fee waivers for indigent consumers.

**Repeal AB 2656, Chapter 1158 of 2002**
This measure requires arbitration companies to disclose data about who, how often and the outcome of proceedings with a particular company.

**Repeal portion of SB 688, Chapter 448 of 2002**
This bill eliminated the 1-year statute of limitation on tort claims. By restoring the 1-year statute of limitations, except for those involving claims arising out of the 9/11 tragedy, litigation costs will be contained. Liability insurance costs are soaring out of control for many California businesses and is being cited by many as a major cost driver for businesses.

## ✓ *LESSEN THE BURDEN OF OUTRAGEOUS ENERGY COSTS*

**Repeal Sunset on Distributed Generation Costs**
Since the energy crisis in 2000, California businesses have been unable to seek alternative sources of electricity which could be more cost effective and potentially more environmentally friendly. The failure of past legislative measures as well as actions by the Public Utilities Commission have essentially prohibited "distributed generation," by making this innovative alternative too costly for businesses to pursue. By repealing the sunset, businesses would be able to seek alternative energy sources at the same they would be further investing California.

## ✓ *REDUCE HOSPITAL MANDATES WHICH DRIVE THE COST OF MEDICAL CARE HIGHER*

**Delay Expensive Hospital Seismic Retrofit Mandates**
Existing law requires hospitals to retrofit by 2008 and generally rebuild by 2030. This bill would delay the mandate until there are sufficient funds to provide assistance to hospitals in meeting this mandate. Hospitals will need to build into their cost structure these new costs. This in turn will increase medical insurance costs and California already faces one of the most costly medical care systems in the country.